

**STATE OF MICHIGAN
DEPARTMENT OF LABOR & ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE SERVICES**

Before the Commissioner of the Office of Financial and Insurance Services

In the Matter of:

Michael F. Napadow

Enforcement Case No. 04-2552

Nations Hazard Insurance Company

Hartford Casualty Insurance Company

Respondents

_____ /

Issued and entered
On June 15, 2004
by Linda A. Watters,
Commissioner

ORDER TO CEASE AND DESIST

The Office of Financial and Insurance Services (OFIS) of the Michigan Department of Labor & Economic Growth, pursuant to the Administrative Procedures Act of 1969, 1969 PA 306, as amended; MCL 24.201 *et seq.*; the Michigan Insurance Code, 1956 PA 218, as amended; MCL 500.100 *et seq.* (Code), and the rules promulgated under the Code, says that:

I
BACKGROUND

1. At all pertinent times, Michael F. Napadow (Respondent) was an individual employed by Nations Hazard Insurance Company and Hartford Casualty Insurance Company.
2. At all pertinent times, Nations Hazard Insurance Company (Respondent) was a company located at: 129 Canterfield Parkway West, West Dundee, IL 60118-9004.
3. At all pertinent times, Hartford Casualty Insurance Company (Respondent) was a company located in the Virgin Islands.
4. At all pertinent times, Nations Hazard Insurance Company and Hartford Casualty Insurance Company were not licensed by the Office of Financial Insurance Services (OFIS) as an insurance company to conduct business in the State of Michigan.
5. At all pertinent times, Michael F. Napadow was not licensed by the Office of Financial Insurance Services (OFIS) as an insurance producer to conduct business in the State of Michigan.
6. At all pertinent times, National Hazard Insurance Company and Hartford Casualty Insurance Company were not registered as a corporation with the Michigan Department of Labor & Economic Growth, Bureau of Commercial Services, Corporation Division to conduct business in the State of Michigan.
7. On or about October 2003, OFIS received a complaint concerning Respondents, Michael F. Napadow and National Hazard Insurance Company.
8. On or about June 1, 2003, the complainant, owner of a property inspection company contacted the Respondents, Michael F. Napadow and National Hazard Insurance Company to purchase general liability insurance and errors and omissions coverage for his business. Complainant received an E-mail quote from Michael F. Napadow.

9. On or about June 17, 2003, the complainant completed a Nations Hazard Insurance Company application, which resulted in the issuance of a policy, effective July 1, 2003.
10. During the months of July, August, September, and October, the complainant received an invoice from Respondents, Michael F. Napadow and National Hazard Insurance Company and paid \$212.00 premium each month.
11. In late 2003, the State of Illinois, Washington, Colorado, and Arizona issued cease and desist orders against the Respondents, Michael F. Napadow and National Hazard Insurance Company.

II CONCLUSIONS OF LAW

WHEREAS, Section 251 of the Code, MCL 500.251 states that in the reasonable exercise of discretion, the Commissioner may issue a cease and desist order if the Commissioner finds any of the following:

- (a) A person is conducting transactions of insurance for which a certificate of authority is required by this act without having obtained a certificate of authority.
- (b) A person is acting as an insurance agent, solicitor, adjuster, or counselor without a license as required by this act.
- (c) A person is engaged in an act or practice in the business of insurance for which authority from or notification to the Commissioner is required by this act and the person has not received authority or given notification; and

WHEREAS, the Commissioner finds that a person must be licensed under Section 402 of the Code in order to conduct transactions of insurance; and

WHEREAS, the Commissioner finds that a person must be licensed under Section 1201a of the Code in order to act as an insurance producer; and

WHEREAS, the records of OFIS disclose that Respondents National Hazard Insurance Company and Hartford Casualty Insurance Company are not licensed under Section 402 of the Code to conduct transactions of insurance in the State of Michigan; and

WHEREAS, the records of OFIS disclose that Respondent Michael F. Napadow is not licensed under Section 1201a of the Code to act as an insurance producer in the State of Michigan; and

WHEREAS, based on the foregoing, the Commissioner finds that Respondents are engaged in acts and practices that violate the Michigan Insurance Code; and

WHEREAS, the Commissioner finds this action necessary and appropriate in the public interest for the protection of the public and consistent with the purposes fairly intended by the policy and provisions of the Code.

IT IS THEREFORE ORDERED, pursuant to Section 251 of the Code, that the Respondent Michael F. Napadow shall immediately **CEASE AND DESIST** from acting as an insurance producer in the State of Michigan.

IT IS FURTHER ORDERED, pursuant to Section 251 of the Code, the Respondents National Hazard Insurance Company and Hartford Casualty Insurance Company shall immediately **CEASE AND DESIST** from conducting transactions of insurance in the State of Michigan.

A person who violates or otherwise fails to comply with a cease and desist order is subject to a civil fine of not more than \$1,000.00 for each violation not to exceed an aggregate

civil fine of \$30,000.00. However, if the person knew or reasonably should have known the person was in violation of the order, payment of a civil fine of not more than \$25,000.00 for each violation not to exceed an aggregate civil fine of \$250,000.00. The Commissioner may also recover reasonable attorney fees if judicial action is necessary for enforcement of a cease and desist order under this section.

A person who is the subject of a cease and desist order may contest the order by requesting a hearing before the Commissioner not later than 30 days after the order is delivered or mailed to the person. Within 10 days after receiving the request, the Commissioner shall commence a hearing in accordance with the administrative procedures act of 1969, Act No. 306 of the Public Acts of 1969. Pending the hearing, the cease and desist order continues in full force and effect unless the order is stayed by the Commissioner. Any request for a hearing should be addressed to: the Office of Financial and Insurance Services, Attention: Hearing Coordinator Dawn Kobus, P.O. Box 30220, Lansing, Michigan 48909.

MICHIGAN DEPARTMENT OF
LABOR AND ECONOMIC GROWTH

By: _____
Linda A. Watters, Commissioner
Office of Financial and Insurance Services